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C O N F I D E N T I A L SECTION 01 OF 02 KABUL 001560

SIPDIS

NSC FOR ZKHALILZAD, JDWORKEN, HMANN, RHANSON, DSEDNEY
DEPT FOR SA/PAB, SA/AR, EB/FO
MANILA PLEASE PASS AMB PSELTZ
USDOC FOR DAS/TD MURPHY AND AFGHAN RECON TASK FORCE
USDOC FOR ITA/MAC/OSAO/ADLER
STATE PASS USAID FOR JPRYOR
STATE PASS TDA FOR DSTEIN AND JSUSSMAN
STATE PASS TREASURY FOR U/S TAYLOR, LMCDONALD
STATE PASS OPIC FOR RCONNELLY AND DZAHNHEISER

E.O. 12958: DECL: 06/06/2013

TAGS: [ETRD](#) [ECON](#) [PREL](#) [AF](#) [PK](#) [TU](#) [IR](#)

SUBJECT: PROPOSAL TO WORK WITH ECONOMIC COOPERATION
ORGANIZATION TO CONVENE REGIONAL TRADE INITIATIVE
PREPARATORY MEETING

Classified By: CDA Bradford Hanson for reasons 1.5 (B) AND (D)

11. (SBU) The USG and the World Bank are planning to hold the ministerial-level Regional Trade Initiative Conference on the margins of the IMF/WB Annual Meetings in Dubai from September 21-23, 2003.

12. (C) The interagency community is considering a proper venue to conduct a preliminary planning meeting on the Regional Trade Initiative in the June/July timeframe. Post proposes that the USG consider working with an existing regional body, the Economic Cooperation Organization (ECO), to convene this meeting. The ECO is already scheduled to hold a Trade and Investment meeting in 2003, but according to their website, www.ecosecretariat.org, the exact date and location have not been fixed. If the interagency and World Bank agree, we could proceed with a meeting in coordination with ECO that will serve both purposes.

13. (C) The ECO's membership includes Afghanistan, neighbors -- Pakistan, Iran, Turkey, Turkmenistan, Uzbekistan, and Tajikistan -- along with regional countries with a high interest in regional trade and investment regimes like Turkey, Azerbaijan, Kazakhstan and Kyrgyzstan. For the purposes of the regional trade initiative, observer nations might include the U.S., India, China, an E.U. representative and Russia.

14. (C) Post defers to Washington's judgment to determine the feasibility of including Iran in such a conference (Iran is a founding member of ECO) which was founded in the 1970s by Turkey, Iran and Pakistan). There is, however, a strong case to be made that any regional trade initiative intended to enhance, legalize and regularize regional trade and investment flows must by definition include Iran. The alternative is to give Iran (and its proxies in Afghanistan) tremendous leverage to serve as a spoiler) through smuggling and other extra-legal commercial activities) of any regional trade initiative program we can develop.
HANSON